



UNITED STATES CONGRESS
HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

July 26, 2002

Dear Democratic Colleague:

Experts estimate that about 20 percent of the homeless are chronically so — people with ongoing, severe disabilities for whom the streets or shelters are home. The Bush Administration has announced repeatedly that it intends to eliminate chronic homelessness within ten years. The latest press release in the Administration's war on chronic homelessness touts a new \$35 million interagency initiative to assist this population. However, as discussed in the attached analysis, an examination of the Administration's budget reveals that it has failed to back its stated commitment to the homeless with resources worthy of the claim.

We hope you find the enclosed information to be helpful. If you would like further information, please contact us or the Democratic staffs of the Committee on the Budget (226-7200) or Committee on Financial Services (225-4247).

Sincerely,

/s/

John M. Spratt, Jr.
Ranking Member
Committee on the Budget

/s/

John J. LaFalce
Ranking Member
Committee on Financial Services

/s/

Barney Frank
Ranking Member
Subcommittee on Housing
and Community Opportunity
Committee on Financial Services



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**The Administration's Approach to Homeless Programs:
Significant Rhetoric, Insignificant Resources**

The Bush Administration has announced repeatedly that it intends to eliminate chronic homelessness within ten years. Experts estimate that about 20 percent of the homeless are chronically so — people with ongoing, severe disabilities for whom the streets or shelters are home. The latest press release in the Administration's war on chronic homelessness touts a new \$35 million interagency initiative to assist this population. However, an examination of the Administration's budget reveals that it has failed to back its stated commitment to the homeless with resources worthy of the claim.

- ***Initiative Redirects Funding from Existing Programs*** — The Administration will derive funding for its touted \$35 million initiative for the chronically homeless from existing programs, bringing no new resources to bear on the problem.
- ***Budget for Largest Homeless Assistance Program Does Not Maintain Current Services*** — The Administration's 2003 budget provides \$14 million less than the amount needed, according to the Congressional Budget Office (CBO), to maintain constant purchasing power in the primary federal program housing the homeless, the Department of Housing and Urban Development's Homeless Assistance Grants. The overall, three-percent budget increase for federal homeless programs claimed by the Administration in a recent *Washington Post* article barely outpaces inflation.
- ***Funding Cuts for Domestic Discretionary Programs Continue into the Future*** — Future cuts to domestic discretionary programs in the President's budget may endanger funding levels for housing and service programs helping the homeless. For example, the Administration's budget for all domestic discretionary programs for 2004 falls \$19.6 billion (5.1 percent) below the amount necessary, according to CBO, to maintain the 2002 level of purchasing power.
- ***Budget Promises to End Chronic Homelessness, but Does Not Provide Necessary Resources*** — The Administration publically established a goal of eliminating chronic homelessness within ten years. Homeless advocacy groups argue that this goal cannot be met without both a reliable funding source for renewals of existing housing for the homeless, plus substantial funding increases needed to create the 200,000 units (about 150,000 more than exist now) of permanent, supportive housing necessary to house the chronically homeless. The Administration's budget includes neither of these components.

We welcome the Administration's rhetoric on the problems of the homeless. However, without resources to back them up, the Administration's promises will remain empty words.